PARTS OF THE ORIGINAL DOCUMENT

ARE OF POOR REPRODUCTIVE QUALITY

CERTAINES PARTIES DU DOCUMENT ORIGINAL

SONT DE PIÈTRE QUALITÉ DE REPRODUCTION

Prince Edward Island Development Agency

1987 Annual Report

The Prince Edward Island Development Agency is a provincial crown corporation established in 1984 with the proclamation of the Prince Edward Island Development Agency Act.

The role of the Agency is to stimulate the growth of economic development and create long-term jobs by promoting new and expanded business. This role is carried out through the conduct of vigorous business development activities and provision of a wide range of financial, marketing, and property management programs and services.

The Board of Directors of the Agency is chaired by the Minister of Industry and includes ten private-sector business leaders. In addition to the partnership of the public and private sectors, as represented by the Board, each of the Agency's three operating divisions is supported by an advisory committee from the private sector.

More specifically, the Agency's overall objectives are to develop, sustain and improve business activity in the province and to promote Prince Edward Island as a location for new or expanding economic activity. The Agency's three divisions carry out specific activities related to these objectives.

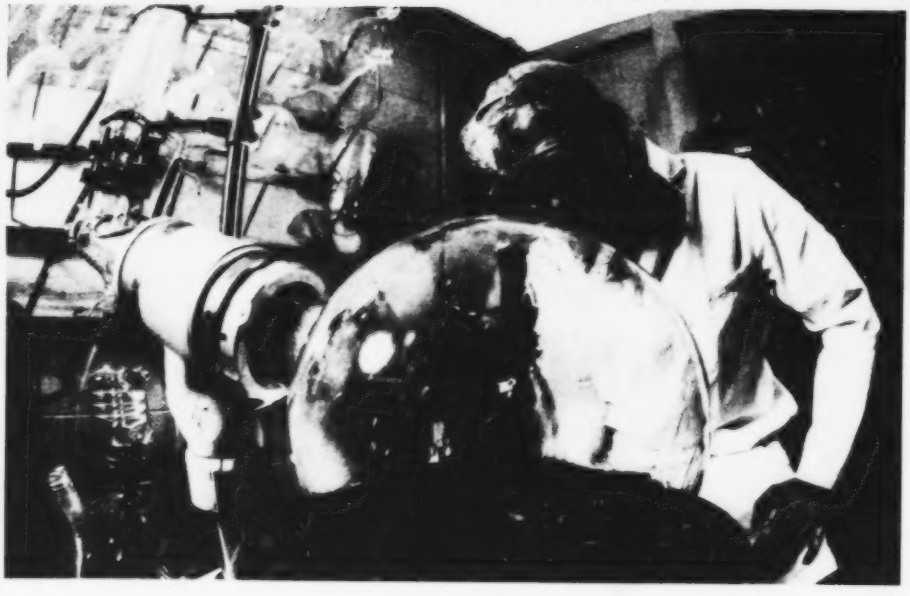
The Business Development division seeks and encourages firms to locate their business in Prince Edward Island and encourages the expansion and modernization of existing business.

The Finance division encourages the startup and expansion of manufacturing enterprises and diversification of the Island's economy through the provision of financing, financial incentives and industrial facilities.

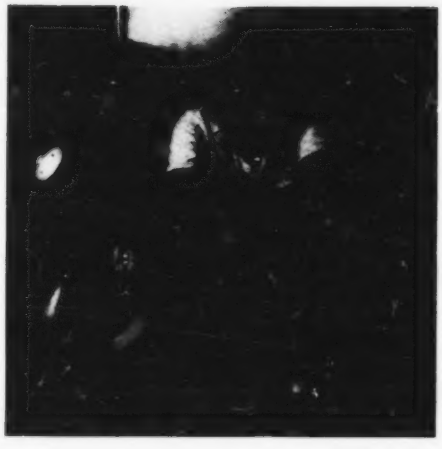
The Marketing division assists in increasing the market share for Island producers, processors and manufacturers of local, national and international markets for the Island's natural and manufactured products and associated services.

Prince Edward Island is an Island Province situated 15 kilometers off the east coast of mainland Canada. Served by a year round ferry, the Island combines a satisfying life-style with access to a potential market of over 100 million consumers. Prince Edward Island is only two days by tractor trailer from Toronto and New York and is served by major air and sea carriers.

The Island is not only central to Atlantic Canadian business, but is also ideally located for worldwide market destinations.



With a population of 127,300, Prince Edward Island boasts a stable and versatile work force with one of the best labor-management records in Canada. An innovative and world class community college trains workers for industry with government financial assistance. The Prince Edward Island Development Agency actively serves the business community to ensure access to appropriate government incentives and private capital.



The Island has a $50 million a year tourism industry with restaurants and hotels equal to any in Canada and the Eastern United States. Hospitality in Prince Edward Island is a way of life, and businesses that settle on the Island report that managers and their families enjoy the life-style.

The moderate climate and superb beaches provide an outdoor environment for family oriented recreation that is the envy of Canadians in the Industrial Heartland.

As the home of Confederation, Prince Edward Island is the appropriate location for new ideas. The Charlottetown Conference of 1864 resulted in the creation of Canada — a 'national' idea born on Prince Edward Island.

The Honourable Leonce Bernard invites both mature businesses and prospective entrepreneurs to bring their ideas to the Prince Edward Island Development Agency and continue a tradition.

It is a pleasure to report on behalf of the Board of Directors of the Prince Edward Island Development Agency on the Agency's activities for the year ending March 31, 1987. This is especially so as this is my first year involved with the Agency.

The past year could be characterized as one of strenghtening the existing Agency organization and also initiating and fine-tuning programs for the business community. It should be noted that, while accomplishing such changes, record amounts of financing and marketing assistance were provided to Island businesses. During the year, assistance was approved for 129 businesses, of which 58 were new from the previous year, plus 23 other producer associations and departments. The approvals to business covered 56 communities across the province. As a result of these efforts 331 new jobs are expected to be created compared to 288 in 1985-86.

I am particularly pleased to report on the reorganization activities effected during the year to enhance client services. The consolidation of the Agency's Chief Executive Officer position with Deputy Minister of Industry will ensure better co-ordination of Agency and government services on behalf of business. As a result, all Agency and Industry programs have been reviewed to eliminate duplication and make programs more accessible and understandable to the business community and prospective entrepreneurs. Approval procedures have also been streamlined to minimize client delay.

During the year, the Board of Directors was reorganized to provide for continuity with the Agency's Finance and Marketing committees. Previously, some directors did not participate at the committee level and some committee members were not directors. The appointment of all directors to a divisional committee will provide for a more focused and effective Board.

As a result of the review of Agency and Industry activities, the Agency's Planning Division was dissolved and its former responsibilities transferred to Industry's Planning Unit. During the past year, all business development - or prospecting activities, as many call this initiative - were consolidated at the Agency.

The new Business Development division has quickly stepped into its role of promoting the establishment and expansion of business on Prince Edward Island. Under the direction of its Executive Director, Don Baker, the message is being aggressively spread that the Island has a wealth of business opportunities and that a receptive climate exists on the part of government in welcoming and encouraging new business.

During the year, Sandra Currie, Regis Duffy, Wendell MacDonald, Alan MacPhee, Randolph Manning, and Dean Shaw were appointed to the Board of Directors by Executive Council. These appointments represent an increase of two private sector members to further strengthen the partnership between government and the private sector.

The terms of four directors expired during the year: Pius Callaghan, who has served on the Agency board since 1984 and for a number of years prior to that on the Market Development Centre board; Harry MacAusland and Craig Norton who served on the board since 1985; and Billy Rix, who served since 1984. On behalf of the province, I wish to express a thank you to these individuals for sharing their business skills and experience in furthering the development of the Island economy.

Several new operating initiatives were begun this year. These include the development of a comprehensive strategic long term planning process, implementation of a budget planning and accountability process, and the preparation of an Agency code of conduct for staff and directors.

During the course of the year, Agency employees responded to many challenges and served more businesses than ever while providing high quality professional service. I wish to thank Agency staff for their dedication and the directors for their interest and commitment in furthering economic development on Prince Edward Island. As well, I wish to thank our federal and provincial colleagues, especially the Department of Regional and Industrial Expansion, for their continued assistance and co-operation.

Mike Kelly

M.S. Kelly
Chief Executive Officer

- industrial prospecting identifies and assists new business to locate in Prince Edward Island.

- assists potential business to move to Prince Edward Island, and existing companies to expand on the Island. Financial assistance can be sourced from the private sector as well as via government incentives. The Business Development Division puts the prospective company together with the most appropriate source of capital.

- co-ordinating service facilitates the entry of the new company into Prince Edward Island with introductions to the local business community, locating suppliers and staffing and attention to start-up details. This service continues through this initial phase until it is no longer needed.

Property
- provides suitable facilities for new enterprises at reduced rates during start-up in the West Royalty and Summerside Area Industrial Parks owned and operated by the Agency.
- provides new and expanding industries in all areas of the province with rental incentives similar to those available in the Agency's industrial malls.
- provides serviced industrial sites for sale at rates below market value to manufacturers and processors for the construction of industrial facilities.

Resource Information
- Research and Information provides marketing research services which identify new or increased sales opportunities in local, national and international markets.

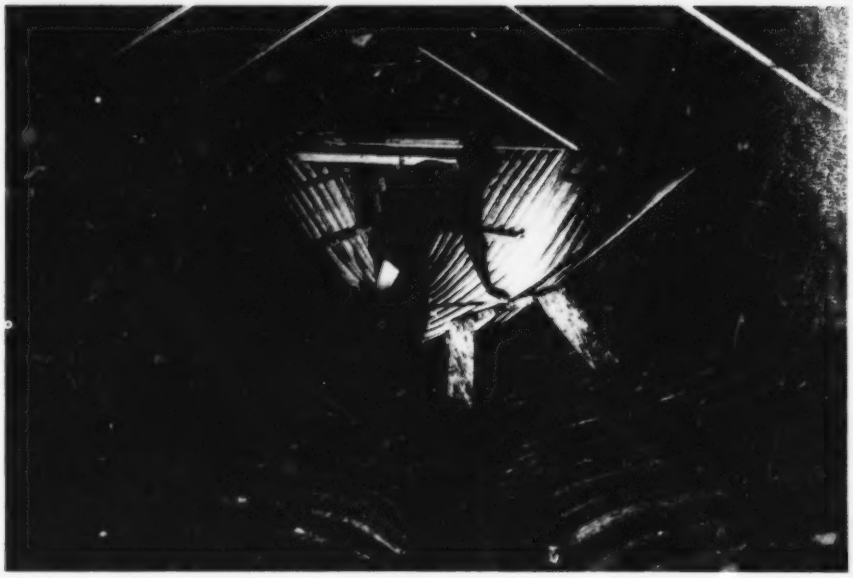
Market Organization
- assists primary producers, processors and manufacturers in the formation and maintenance of associations, commodity boards and other marketing organizations.
- provides assistance to upgrade marketing skills and take better advantage of marketing opportunities.
- provides the support required to formulate short and long term marketing plans and assist in their implementation.

Marketing Promotion
- provides advertising and promotion assistance to advertise and promote both companies and their products in an effort to maximize sales.
- assists both the preparation and attendance at product trade shows leading to the development and establishment of domestic and foreign market contacts.

Market Development
- assists in generating sales of Prince Edward Island manufactured and processed products.
- provides assistance for the development and evaluation for new or improved products and processes to expand production and markets.

Equity

- provides cash grants of up to 30% to eligible investors to assist entrepreneurs in attracting private capital by Equity Investors' Incentive program.
- provides cash grants of up to 30% to eligible small business development corporations investing in eligible businesses in need of private capital.
- provides under-financed but promising start-up or expanding firms with equity via redeemable preferred shares through the Small Business Equity program.



Loans

- provide manufacturers and processors with financing of capital assets which are directly associated with production facilities.

Other

- provide a financial incentive to manufacturing and processing companies to create new employment opportunities under the Job Creation program.

The Business Development division was established in November of 1986 to co-ordinate and implement the new Prospecting Strategy for Prince Edward Island.

Business Development

Business development, also known as industrial prospecting, is the process of identifying, attracting and assisting appropriate business interests to locate and conduct business on Prince Edward Island for mutual advantage. The process involves personal communication and negotiation with potential entrepreneurs, executives, investors, and other business people. This activity is supported by advertising, promotion and public relations.

Once the location decision has been made, firms require assistance with the numerous start up details such as facility preparations, introductions to the local business community, locating suppliers, and staffing. The Business Development Division actively supports new clients through this phase.

Property Management

Property management at the industrial parks is also the responsibility of the Business Development division because the provision of suitable facilities is an important element in attracting new business.

As of March 31, 1987, the Business Development division was communicating with 21 firms which are actively considering Prince Edward Island as a possible location for new operations. During the year, four commercial companies commenced operations. As a result of prospecting initiatives, negotiations were concluded with four new companies to establish in the province.

Malls and Properties
The occupancy rate in our malls and repossessed properties, which at the beginning of the year was in the range of 85%, began to show a marked improvement late in the year, and a 100% occupancy rate is now forecasted during this year. These improvements in the occupancy rate, along with a more stable client base, and scheduled increases in rental rates will serve to reduce the overall carrying costs of our malls and repossessed properties, which, in the past, had continued to consume a disproportionate amount of our development funds. This is demonstrated by our investment in property holdings at year end of $7,199,972 versus $6,236,291 in the previous year.

Industrial Parks
The Agency maintains industrial parks in Prince Edward Island. Serviced industrial sites are available for purchase in the Parkdale, West Royalty and Summerside Area industrial parks. Industrial mall spaces are also available for lease in the latter two parks.

The parks comprise approximately 200 acres, and are occupied by approximately 45 businesses employing nearly 900 people.

During the fiscal year, three new leases were signed with tenants and an additional three firms were negotiating for two vacant mall units in the Summerside Industrial Park and one vacant unit in the West Royalty Industrial Park.

Construction of a new five unit industrial mall in Summerside was completed during the year and within budget. Interest in this new property appears very high with the complete building expected to be occupied in 1987-88 as a result of Business Development efforts.

During the fiscal year, one site in the West Royalty Industrial Park was sold with construction scheduled to begin in 1987 on a processing/warehousing facility. This building will be constructed with no utilization of provincial government loans or grants. New firms have indicated that the availability of fully serviced facilities is a very positive factor in their decision to locate on Prince Edward Island.

The Marketing division of the Prince Edward Island Development Agency provides a marketing consultation service which is available to all Prince Edward Island primary producers, processors and manufacturers. This service is provided on a cost-shared basis with individual clients.

Resource Centre

Our Resource Centre continues to grow with constant addition of marketing information as well as research and expanded computer capability to better serve our Island clients. A brochure on the Resource Centre has been prepared and circulated to Island businesses outlining our location, services offered and programs available.

Trade Shows

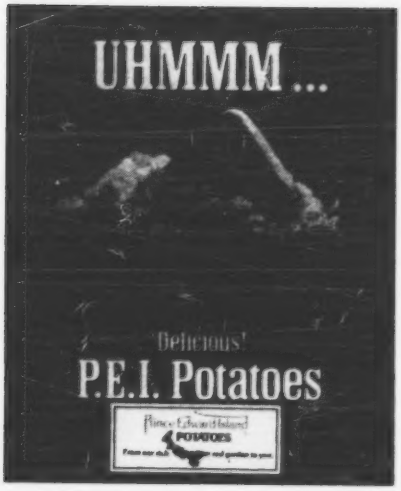
Trade Show activity accounted for over 20% of our approved assistance and continues to be one of the most successful methods of promoting Island products and companies. As well, trade show participation has enabled Island companies and Agency staff to obtain first-hand information on market opportunities and new ideas for initiatives in product development. Some of the trade shows attended by Island firms included, Food Pacific, Foodex, Atlantic Food Fair, Hostex, Toronto Spring Gift Show, Chicago Food Service Exposition, Rendez-vous '87, Foodex Japan, Orlando Seafood Show, Boston Seafood Show and Salon International L'Alimentation.

During the fiscal year 1986-87, the Marketing division initiated 482 marketing projects. This was a 22 percent increase over the previous year. The distribution of marketing projects by sector was: Agriculture — 18%; Fisheries — 25%; Industry — 44%; and General — 13%. The increase in industrial activity is attributable to the fact that the Marketing division has worked co-operatively with 26 new industrial clients. Many of them recently established in Prince Edward Island through various Agency programs and assistance.

Approximately 90% of Marketing initiatives remain in projects under $5,000, emphasizing the volume of work with smaller producers, processors and manufacturers. These companies make up the backbone of the Prince Edward Island economy and offer the greatest opportunity for expansion and potential for new employment.

A number of major projects were initiated during the past fiscal year including the 1986-87 promotion of Prince Edward Island potatoes, the necessary repack of an overstock of lobster-in-brine inventory and the selection, approval and cost-shared funding of qualified marketing management personnel with several Island companies, providing new and experienced input into Island business.

A few examples of the projects undertaken by the Marketing Division in each sector are given below:



P.E.I. Potato Promotion 1986-87

To support the movement of the 1986 Island potato crop, the P.E.I. Potato Marketing Board, as a client of the Marketing Division of the Prince Edward Island Development Agency, again conducted a major advertising and promotional campaign in Toronto, Montreal and Boston. The campaign was directed at both trade and consumers in Toronto and Montreal, while the Boston campaign addressed major buyers in the foodservice markets. This major promotional campaign was instrumental in supporting the movement of a record 10.4 million cwt. (hundredweight) of P.E.I. potatoes during the 1986-87 marketing year.

Commodity Promotions

The Agency carried out commodity promotions in conjunction with two P.E.I. Commodity Marketing Boards and the P.E.I. Department of Agriculture. Eggs were promoted in P.E.I., while pork was promoted both in P.E.I. and the other Maritime provinces. We also assisted the P.E.I. Direct Marketing Association in promoting and advertising Farmers' Markets in Prince Edward Island.

Mussels and Oysters

The Agency undertook over 20 projects with Prince Edward Island's mussel and oyster industries to expand and develop new markets for "Island Blue" and "Baby Blue" mussels and "Malpeque" oysters throughout North America. Marketing activities have included trade shows, promotional material and product demonstrations.

Seafood Processors

Seafood processors have been assisted in expanding existing markets and identifying new opportunities for their products. During the past year, eight Island processors visited Japan on market missions and trade shows. Four of these processors also participated in the Hong Kong trade show. Other programs utilized by seafood processors included incoming buyers, sample shipments and product development.

Lobster

The Agency assisted Prince Edward Island lobster processors under our programs that enable them to open up new markets in Japan and the United Kingdom and to expand markets in France. Increased marketing by these processors resulted from participation in appropriate trade shows and the development of new products to meet market requirements.

Marketing Plans

Marketing plans were carried out with several industrial clients during the past year. These plans assisted companies in identifying and developing market opportunities in a systematic and economic fashion. The various activities within each marketing plan enable participating clients to use a co-ordinated approach to marketing in order to achieve maximum results for their efforts.

Product Development

The Agency undertook several product development projects with industrial clients assisting with the design, construction and testing of prototype units. These products were either innovative in design or new to the company and provided the opportunity for expanded sales.

Showcase

This bi-monthly newsletter from the Agency provides information on a number of activities undertaken by Island firms and Agency staff in the development and promotion of Island products. The newsletter includes items on trade shows, visiting trade delegations, promotional material, seminars, Agency programs and other items of interest to the business community and is circulated to Island manufacturers and processors.

Introduction

Activity during the year continued at a level slightly above the previous year with 71 applications* approved versus 64 in 1985-86 with very encouraging trends becoming evident late in the year. These positive trends can be attributed, in part, to an improved business climate, but, to a greater degree to a streamlining of our organizational structure and new programs.

The establishment of a separate division for Business Development; introduction of a new program called Equity Investors' Incentive; and modifications in existing programs to permit greater accessibilty for smaller businesses, are already proving to be more effective tools for realizing new economic opportunities. In conjunction with the formation of the Business Development division, the function of the former Development division has now been assumed by the Finance division. Its primary role now is that of "banker", permitting it to direct its resources more effectively and objectively in the evaluation and monitoring function. The overall result of the streamlining process now gives the Agency not only a more proactive mandate for economic development, but more effective utilization of its resources.

* 25 financing applications, 46 incentive applications

Loans and Guarantees

During the year, $3,700,400 in loans and guarantees to 19 clients were approved; approximately 60% of funds were for expansion of 12 existing businesses, 20% for establishing 3 new businesses, and the remaining 20% for financial re-organization of 4 existing businesses. In the previous year, $4,130,000 in loans and guarantees were approved. Foreclosure action was taken on three accounts in the year. Losses from the business failures continue to show a marked decline from earlier years, but still remain at unacceptable levels.

The recent emphasis on greater private sector participation by offering incentives under our new Equity Investors' Incentive program in order to attract private sector equity investment is expected, not only to reduce loan activities and the inherent risk of losses therefrom, but also provide greater financial stability to developing companies. At year end, there was $17,091,627 in loans and guarantees outstanding compared to $19,388,695 in the previous year.

Equity Investments

During the year, $353,000 in equity investments (preferred shares) were approved to six clients compared to $395,000 and five clients in the previous year. At year end, the Agency's equity investments totalled $447,125 compared to $975,555 in the previous year.

In addition to the debt and equity financing assistance, 40 applications under the following incentive programs were approved. These approvals were based on the projected creation of approximately 270 incremental jobs over the next three years, as well as other potential benefits of increased export sales, import substitution and increased capital expenditures.

Program	No. of Approvals	Amount
Job Creation	18	$1,524,815
Small Business Development Corporation	7	265,350
Equity Investors' Incentive	4	220,000
Rental Incentive and Mall Program	8	105,662
Pre-Venture	3	18,750
		$2,134,577

In Fiscal Year Ended March 31, 1987

	1987		1986	
	No.	$	No.	$
Agriculture	2	487,500	5	385,000
Fisheries	9	1,890,900	6	1,996,500
Industry	14	1,322,000	10	1,748,500
	25	3,700,400	21	4,130,000
0 - 49,999	7	207,500	8	198,500
50,000 - 99,999	3	200,000	5	355,000
100,000 - 249,999	10	1,377,900	3	483,000
250,000 - 499,999	4	1,275,000	3	1,093,500
500,000 - 1,000,000	1	640,000	1	750,000
Over 1,000,000	-	-	1	1,250,000
	25	3,700,400	21	4,130,000
Guarantee	10	649,500	5	1,525,000
Term Loan	12	2,655,900	12	2,415,000
Venture Capital Loan	-	-	1	70,000
Other	3	395,000	3	120,000
	25	3,700,400	21	4,130,000
Establish new business	8	1,535,000	6	1,705,000
Expand existing business	17	2,165,400	15	2,425,000
	25	3,700,400	21	4,130,000

[redacted]

In Fiscal Year Ended March 31, 1987

	1987		1986	
[redacted]	No.	$	No.	$
Agriculture	5	235,890	11	454,226
Fisheries	14	796,929	6	573,251
Industry	27	1,454,758	26	859,183
	46	2,487,577	43	1,886,660
[redacted]				
0 - 4,999	3	9,690	4	13,150
5,000 - 9,999	4	23,328	10	70,330
10,000 - 24,999	11	168,679	4	64,584
25,000 - 49,999	9	298,165	11	387,476
50,000 - 99,999	9	646,550	7	456,869
Over 100,000	10	1,341,165	7	894,251
	46	2,487,577	43	1,886,660
[redacted]				
Equity Investors' Incentive	4	220,000	-	-
Job Creation	18	1,524,815	12	822,328
Pre-Venture	3	18,750	6	31,325
Rental Incentive and Mall Program	8	105,662	7	159,372
Small Business Equity	6	353,000	5	395,000
Small Business Development Corp.	7	265,350	12	448,010
Venture Capital	-	-	1	30,625
	46	2,487,577	43	1,886,660
[redacted]				
Establish new business	22	1,141,355	23	1,116,694
Expand existing business	24	1,346,222	20	769,966
	46	2,487,577	43	1,886,660

In Fiscal Year Ended March 31, 1987

	1987		1986	
	No.	$	No.	$
Agriculture	87	393,574	83	374,565
Fisheries	123	465,180	91	157,092
Industry	211	614,125	153	352,375
General	61	148,705	68	253,020
	482	1,621,584	395	1,137,052
0 - 4,999	439	631,624	363	459,332
5,000 - 9,999	9	56,925	12	89,470
10,000 - 24,999	27	472,635	15	237,650
25,000 - 49,999	5	201,700	3	124,700
50,000 - 99,999	1	95,000	1	70,500
Over 100,000	1	163,700	1	155,400
	482	1,621,584	395	1,137,052
Advertising and Promotion	96	269,975	99	199,685
Market Development	104	237,675	46	52,447
Market Organization, Education and Management	45	302,380	54	306,175
Market Research	20	37,850	40	82,795
Production Development	105	379,914	63	178,060
Specialized Market Assistance	5	156,445	2	113,300
Trade Shows	107	237,345	91	204,590
	482	1,621,584	395	1,137,052

[redacted]

[redacted]

[redacted]	1987	1986
	$	$
Development investments (Note 3)	19,491,305	17,684,442
Cash and short-term deposits	341,495	265,314
Accounts receivable	263,411	347,033
Other investments (Note 4)	4,240,001	1,910,000
Investment in subsidiaries (Note 5)	9,006	16,626
Due from the Province of Prince Edward Island (Schedule A)		
— Current operations	121,616	—
— Provision for possible losses	3,392,723	4,179,311
	27,859,557	24,402,726
[redacted]		
Accounts payable and accrued liabilities	2,984,224	2,205,009
Due to the Province of Prince Edward Island (Schedule A)	—	428,672
Notes payable (Note 6)	24,867,033	21,760,745
	27,851,257	24,394,426
[redacted]		
Contributed capital from the Province of Prince Edward Island	8,300	8,300
	27,859,557	24,402,726

Signed on behalf of the board

Director

Director

For the year ended March 31, 1987

	1987	1986
	$	$
Grants from the Province of Prince Edward Island	8,360,700	7,594,800
Interest from borrowers	1,632,956	1,723,223
Interest from deposits	48,015	115,935
Dividends from small business equity	7,319	—
Rentals and recoveries from properties (net of rental subsidies of $406,895; 1986 - $252,365)	467,697	374,170
Gain on sale of buildings held for resale	150,000	—
Service fees on new loans	17,061	30,734
	10,683,748	9,838,862
Incentive programs (Schedule B)	3,480,942	2,550,440
Administration (Schedule C)	1,791,265	1,774,249
Property (Schedule D)	1,247,395	1,036,718
Interest on funds borrowed	1,722,945	1,726,234
Assistance to meat processing industry	1,757,697	1,071,025
Provision for possible losses	921,399	1,539,642
	10,921,643	9,698,308
	(237,895)	140,554
EARNINGS (LOSS) OF SUBSIDIARY CORPORATIONS (note 5)	(5,120)	7,076
EXCESS REVENUE (EXPENSES) FOR THE YEAR (Schedule A)	(243,015)	147,630

For the year ended March 31, 1987

General

The financial statements of the Agency have been prepared in accordance with generally accepted accounting principles. The following is a summary of significant accounting policies used in the preparation of these financial statements.

Equity Investments

Investments made under the small business equity program are included on the statement of financial position as Development Investments. Currently, one half of the investments approved are being accounted for as a small business equity finance incentive on the statement of operations. Any recovery exceeding the balance in Development Investments will be taken into revenue when received.

Property Holdings

Property holdings are valued in total at the lower cost, net of government grants, and anticipated realizable value. Accumulated interest is included in the cost of industrial sites. The industrial malls are amortized using the straight-line basis over either 15 years or 25 years, the same period as the related debt is being retired.

Net Investment in Leases

Certain buildings constructed for industrial companies are leased back with options for the companies to purchase the buildings after five years, and are carried at the cost of the property plus capitalized interest, net of lease payments.

Investment in Subsidiaries.

The Agency records the investment in wholly-owned subsidiaries, Ward Holdings Ltd. and Garden Province Meats Inc., using the equity method of accounting. Accordingly, these investments are carried at cost plus accumulated earnings since acquisition. Garden Province Meats Inc. is no longer a subsidiary as it was dissolved on November 20, 1986.

In order to provide a more informative presentation of the operations of the Agency, the financial statements are not consolidated.

Investment in Garden Province Meats (1985) Inc.

The Prince Edward Island Development Agency has purchased $3,712,000 in Class B preferred shares of Garden Province Meats (1985) Inc. relating to capital expenditures. These Class B shares are carried on the balance sheet at cost.

In accordance with an agreement as outlined in note 7 the Agency receives Class B preferred shares equal to the investment made to offset operating losses. The Class B shares are carried on the balance sheet at a nominal value of $1 with the investment expensed as a Finance Incentive Program.

All of the Class B shares are redeemable only in specific and unforeseen circumstances.

Equipment and Furniture

Furniture, office and maintenance equipment are expensed in the year of acquisition.

Provision for Possible Losses

A provision for possible future losses is determined annually based on historical collection experience and a review of the development investment portfolio. Interest revenue is not accrued on loans where a write-off is anticipated.

Incentive Programs

Incentive programs for the finance division are included in accrued liabilities when approved and accepted. Marketing division programs are recorded only when funds are disbursed, since the total amounts are not determinable when such programs are initially approved. Estimated commitments for marketing division programs are disclosed in note 8.

[redacted]

The Agency was incorporated as a Crown Corporation in 1984 pursuant to the Prince Edward Island Development Agency Act. The financial results of the Agency are included in the public accounts of the Province of Prince Edward Island.

[redacted]

	1987 $	1986 $
Loans receivable	14,504,127	13,908,763
Equity investments — shares	447,125	975,555
Property holdings		
Industrial sites	530,191	502,088
Land, buildings and equipment held for resale or under lease/purchase option	4,021,051	3,623,083
Industrial malls	2,648,730	2,111,120
	7,199,972	6,236,291
Investment in leases — net of unearned lease revenue of $1,111,668 (1986-$1,187,438)	732,804	743,144
	22,884,028	21,863,753
Less provision for possible losses (Schedule A)	3,392,723	4,179,311
	19,491,305	17,684,442

[redacted]

	1987 $	1986 $
Garden Province Meats (1985) Inc.		
— Preferred shares relating to capital expenditures — at cost	3,712,000	1,900,000
— Preferred shares relating to operations	1	—
— Non-interest bearing interim financing	518,000	—
G.P.M. Limited Partnership — at cost	10,000	10,000
	4,240,001	1,910,000

Investments in subsidiaires are recorded using the equity method.

	1987 $	1986 $
Shares at cost		
2,500 Common shares — Garden Province Meats Inc.	—	2,500
2,500 Common shares — Ward Holdings Ltd.	2,500	2,500
Accumulated earnings since acquisition — Ward Holdings Ltd.	6,506	11,626
	9,006	16,626

Condensed financial information:

WARD HOLDINGS LTD. AND GARDEN PROVINCE MEATS INC.
CONDENSED BALANCE SHEET

	Garden Province Meats $	Ward Holdings Ltd. $
ASSETS		
Current assets	—	21,149
Fixed assets	—	1
	—	21,150
LIABILITIES		
Current liabilities	—	12,144
SHAREHOLDERS' EQUITY		
Capital stock	—	2,500
Retained earnings	—	6,506
	—	9,006
	—	21,150
CONDENSED STATEMENT OF EARNINGS		
Revenue	577,043	36,556
Expenses	577,043	41,676
Net loss for the year	—	5,120

Notes are issued to the Province of Prince Edward Island and have various repayment terms and interest rates ranging from 8.10% to 14.25%.

As of March 31, 1987, the Agency was contingently liable under loan and bond guarantees in the amount of $2,587,500 (1986 - $5,479,932).

Under an agreement including the Province of Prince Edward Island and Garden Province Meats (1985) Inc., the Prince Edward Island Development Agency is obligated to contribute to Garden Province Meats (1985) Inc. an amount equal to the net losses incurred in return for Class B preferred shares until July 12, 1988. The operating losses for the current year amounted to $779,765. For succeeding periods after July 12, 1988, if in any eight-week period less than 4,500 hogs per week are delivered to Garden Province Meats (1985) Inc., a contribution based on costs and lost revenue associated with operating below 4,500 hogs will be required. This obligation terminates at the earlier of December 31, 1995 or Garden Province Meats (1985) Inc. obtaining a specified level of retained earnings.

Loans and equity investments approved but not disbursed at March 31, 1987 amount to $928,080 (1986 — $2,627,489).

The Agency has approved loan guarantees of $205,250 which were not utilized at March 31, 1987 (1986 - $80,000).

The Agency is committed to cost sharing incentive programs with clients. As at March 31, 1987, the estimated expenditure under Marketing commitments is $388,000 (1986 - $210,000) and under Finance commitments $556,000 (1986 - Nil).

We have examined the balance sheet of Prince Edward Island Development Agency as at March 31, 1987 and the statement of operations for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Agency as at March 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

CHARTERED ACCOUNTANTS

For the year ended March 31, 1987

CURRENT OPERATIONS DUE FROM (TO) THE PROVINCE

	1987 $	1986 $
BALANCE — BEGINNING OF YEAR	(428,672)	53,694
Excess expenses (revenue) for the year net of advances received from the Province of $121,399 (1986 - $281,042)	121,616	(428,672)
	(307,056)	(374,978)
Repayment (receipt) of previous year's excess	428,672	(53,694)
BALANCE — END OF YEAR	121,616	(428,672)

PROVISION FOR POSSIBLE LOSSES DUE FROM THE PROVINCE

BALANCE — BEGINNING OF YEAR	4,179,311	3,149,287
Current year's expense for possible losses	921,399	1,539,642
Write-offs applied to reduce notes payable during the year	5,100,710 1,707,987	4,688,929 509,618
BALANCE — END OF YEAR	3,392,723	4,179,311

[redacted]

For the year ended March 31, 1987

	1987 $	1986 $
[redacted]		
Job creation incentive	1,411,320	762,916
Rental incentive	56,072	19,614
Pre-venture	17,250	31,325
Venture capital	208,858	286,857
Small business equity	151,500	189,375
Industrial facilities	56,922	40,948
Small business development corporations	145,675	448,010
Equity investors incentive	220,000	—
	2,267,597	1,779,045
[redacted]		
Market development	188,276	41,117
Marketing plans	292,395	148,550
Product development	236,729	136,883
Market research	15,122	75,429
Advertising and promotion	208,907	118,172
Trade shows	171,817	150,746
Market organization, education, and management	85,449	94,258
Specialized market assistance	14,650	6,240
	1,213,345	771,395
TOTAL INCENTIVE PROGRAMS	3,480,942	2,550,440

[redacted]

For the year ended March 31, 1987

	1987 $	1986 $
[redacted]		
Salaries and benefits	40,871	—
Professional fees	41,265	—
Travel	25,537	—
	107,673	—
[redacted]		
Salaries and benefits	83,306	125,833
Committee fees and expenses	1,992	7,891
Professional fees	71,133	107,270
U.P.E.I. Research Office	67,255	—
Travel	6,963	30,529
	230,649	271,523
[redacted]		
Salaries and benefits	344,295	337,369
Committee fees and expenses	16,638	20,212
Travel	17,573	25,875
Professional fees	48,682	63,155
	427,188	446,611
[redacted]		
Salaries and benefits	495,595	458,883
Committee fees and expenses	6,515	7,672
Travel	7,694	13,551
	509,804	480,106
[redacted]		
Salaries and benefits	262,441	259,833
Directors' fees and expenses	23,078	21,160
General office	20,863	23,079
Telephone and telex	42,076	46,255
Equipment purchased	5,685	7,440
Premises	54,873	82,431
Equipment rental	26,236	28,235
Printing, stationery and postage	17,522	26,888
Conferences, memberships and publications	29,936	28,284
Professional fees	13,000	22,500
Advertising and promotion	13,779	12,736
Travel	4,645	13,893
Miscellaneous	1,817	3,275
	515,951	576,009
TOTAL ADMINISTRATION EXPENSES	1,791,265	1,774,249

[redacted]

For the year ended March 31, 1987

	1987 $	1986 $
[redacted]		
Heat	9,349	26,851
Electricity	29,081	35,537
Maintenance	220,561	168,203
Insurance	29,109	23,034
Property Taxes	7,245	14,879
Amortization of malls	162,390	162,390
Interest	247,162	228,158
Management fees	8,000	—
	712,897	659,052
[redacted]		
Snow removal	10,376	9,059
Water	49,371	22,311
Sewer	21,177	26,061
Fire alarm	4,826	5,208
Maintenance and grounds	24,267	29,454
Casual wages	8,213	9,852
Street lighting	5,443	4,983
Miscellaneous	10,661	10,726
	134,334	117,654
[redacted]		
Heat	—	2,186
Electricity	125	3,677
Maintenance	11,212	23,421
Insurance	3,545	345
Property taxes	6,967	4,476
Interest	378,315	225,907
	400,164	260,012
TOTAL PROPERTY EXPENSES	1,247,395	1,036,718

In Fiscal Year Ended March 31, 1987

Abegweit Seafoods Inc., Bellevue Cove
Advanced Medical Technologies Inc., West Royalty
Amalgamated Dairies Ltd., Summerside
Andrews Hockey Growth Programs, Charlottetown
Anne Agencies Ltd., Summerside
Ap-Chem Inc., West Royalty
Arsenault Sawmill, St. Chrysostom
Arvi, Kai, Charlottetown
Atlantic Fish Specialties Ltd., Parkdale
Atlantic Mussel Growers Corp., Murray River
Attic Cresting Ltd., West Royalty
Babineau Fisheries, Morell
Beach Point Fishermen's Co-op, Beach Pt.
Beinn Mara Ltd., Charlottetown
Belle River Enterprises Ltd., Belle River
British Woolen Knitters (Canada) Ltd./Great Northern Knitters, West Royalty
Caledonia Products Co-operative, Caledonia
Career Fashions, Montague
Cass Craft of P.E.I., Meadowbank
Cavendish Farms, New Annan
Charlottetown Metal Products, Milton
Chimney Guard Ltd., West Royalty
Clarke, Jocelyn & Sandy, Mt. Stewart
Coles Door Systems, Winsloe
Collins, Stephen & Glenda, Mt. Stewart
Compton Steam Magic, Eldon
Condon & Sons Ltd., William, Charlottetown
Confederation House, Sherwood
Corkum, Douglas, Souris
Corners Candy, Cornwall
Creative Esthetics Orthodontic Laboratory, West Royalty
Crispin Cones Ltd., Bedeque
Culinary Institute of Canada, The, Charlottetown
D.H. Mabon Ltd., Montague
Diagnostic Chemicals Ltd., West Royalty
England Fur Farms, Summerside
Flyway Outfitters, Charlottetown
Four Ports Marine, Morell
Fresh Pak Inc., West Royalty
Garden Province Meats (1985) Inc., Sherwood
Georgetown Packers, Georgetown
Gilbert, Ronald, Victoria
Glider Investors, Charlottetown
Gorman Controls Ltd., South Melville
Gracey, John, Morell
Green Acres Produce Ltd., O'Leary

Groupe Capital Risque Baie Acadienne, Wellington
Gulf Star Chemicals, New Glasgow
Hall & Stavert Ltd., West Royalty
Hardy Snacks, Alberton
Harris, Billy, Elmira
Health Pasteurized Milk Co., Hunter River
Howard's Cove Seafoods Ltd., Howard's Cove
Hutt Brothers Ltd., Northport
Imperial Ambulance Outfitters, Summerside
Integrated Aquatic Systems Ltd., Brookvale
Island Breweries Ltd., Milton
Island Control Ltd., Charlottetown
Island Hay & Straw Co-operative, Rustico
Island Metal Fabricators Ltd., West Royalty
Island Orthotics Ltd., Charlottetown
Island Saltfish Inc., Desable
Island Wind Chimes, Breadalbane
Jack's Quality Meats Inc., St. Eleanors
Johnston's Home Style Products Ltd., West Royalty
Keeping & MacKay Ltd., Murray Harbour
L.R.T. Investments, West Royalty
Leoville Industries, Leoville
Linkletter Welding, Central Bedeque
Logican Research Co., East Royalty
MacAulay, Lawrence, St. Peters Bay
MacAusland's Woolen Mills Ltd., Bloomfield
Marenco Engineering Ltd., West Royalty
Maritime Paper Products Ltd., Summerside
Metalbond Inc., West Royalty
Minegoo Indian Arts & Crafts Society of P.E.I., East Royalty
Montague Dairy Ltd., Montague
Murray Harbour Seafoods Inc., Murray Harbour
National Sea Products, Parkdale
North Ocean Enterprises Ltd., Souris
North Shore Packing Co., Darnley
Northumberland Paints, Charlottetown
Northumberland Seafoods Ltd., West Royalty
O'Leary Potato Packers Ltd., O'Leary
P'tits Acadiennes Ltee, Les, Wellington
P.C. Industries, Summerside
P.E.I. Potato Chip Co-operative, Urbainville
P.E.I. Preserve Company, Sherwood
Padinox Inc., West Royalty
Paragon EDP Inc., Charlottetown
Patty Palmer Designs, West Royalty
Peaceworks, Charlottetown

Phoenix Eyewear Inc., West Royalty
Polar Productions, Charlottetown
Polar Seafoods Ltd., Summerside
Polar Cold Storage, Summerside
Pollock, Priscilla, Summerside
Precision Products & Services Ltd., West Royalty
Propak Ltd., Parkdale
Protronex Industries Inc., West Royalty
Queen's County Blacksmith Shop, Orwell Corner
R-Rae Accessories, Charlottetown
Radiator Doctor, St. Eleanors
Rosebank Processors' Co-operative, Rosebank
Salt Box Factory, The, Souris
Santa's Feed Mill, Summerside
Schurman Industries, Summerside
Seaman's Beverages Ltd., West Royalty
Shea's Seaweed, Anglo
Shumates, The, Eldon
Signcraft Ltd., Charlottetown
Sound Ventures, Charlottetown
Souris Seafoods Ltd., Souris
Summerside Sea Products Ltd., Summerside
Superbelt, P.E.I., Kensington
Tannereye Ltd., West Royalty
T.B.A. Inc., Vernon Bridge
Tignish Fisheries Co-operative Assn., Tignish
Tin Shop, The, Breadalbane
Tri-County Meat Packers, Ebenezer
Usen Fisheries Ltd., Souris
Vesey's Seeds, York
Video Atlantic Inc., West Royalty
Walker's Seed Potato Service, Cardigan
Walt Wheeler Publications Ltd., Charlottetown
Wendell Graham (1981) Ltd., Gaspereaux
Wevea Canada, Montague
ZVSL Manufacturing Ltd., Montague
Zalaerith, W.B., Cornwall

In Fiscal Year Ended March 31, 1987

Food Processors of Prince Edward Island
Prince Edward Island Bean Co-operative
Prince Edward Island Cole Crop Growers' Association
Prince Edward Island Crafts Co-operative
Prince Edward Island Cranberry Growers' Association
Prince Edward Island Cultured Mussel Growers' Association
Prince Edward Island Direct Marketing Association
Prince Edward Island Egg Commodity Marketing Board
Prince Edward Island Hog Commodity Marketing Board
Prince Edward Island Market Gardeners
Prince Edward Island Marketing Council
Prince Edward Island Oyster Fishermen's Association
Prince Edward Island Potato Marketing Board
Prince Edward Island Quality Swine Breeders' Association
Prince Edward Island Seafood Processors
Prince Edward Island Trout Growers' Association
Department of Agriculture
Department of Tourism & Parks
Department of Fisheries & Labour
Department of Industry
Department of Regional Industrial Expansion
Summerside Area Chamber of Commerce
West Royalty Industrial Park Business Club

Hon. Leonce Bernard*, Wellington
Minister of Industry and Chairman

Hon. Tim Carroll, Sherwood
Minister of Agriculture

Sandra Currie, Coleman
Manager, MacArthur's Ltd.

Thomas L. DeBlois*, Charlottetown
Vice President/General Manager
Deblois Food Distributors

Dr. Regis Duffy, Charlottetown
President, Diagnostic Chemicals Ltd.

M.S. Kelly*, Sherwood
Chief Executive Officer

George A. Key*, North Granville
Business Executive

David Loggie, Summerside
Manager,
Canada Packers Shur-Gain Division

Wendell MacDonald, Charlottetown
President,
Island Metal Fabricators Ltd.

Hon. Gordon MacInnis, West Royalty
Minister of Tourism

J. Norman MacLeod, Sherwood
President,
Williams, Murphy & MacLeod (1971) Ltd.

Alan MacPhee, Souris

Randolph W. Manning*, FCA,
Charlottetown
Consultant, Doane Raymond

Dean C. Shaw, Charlottetown
Lawyer

* Member of Executive Committee

Finance

George A. Key, Chairman

J. Norman MacLeod, Vice Chairma

Sandra Currie

Wendell MacDonald

Randolph W. Manning, FCA

Marketing

Thomas L. DeBlois, Chairman

David Loggie, Vice Chairman

Dr. Regis Duffy

Alan MacPhee

Dean C. Shaw

Hon. Leonce Bernard,
Chairman of the Board

Hon. Tim Carroll, Vice Chairman

Hon. Gordon MacInnis,
Vice Chairman

M.S. Kelly,
Secretary-Treasurer and
Chief Executive Officer

Ronald H. Atkinson,
Executive Director, Marketing

Hillard MacKinnon,
Executive Director, Finance
Donald E. Baker,
Executive Director,
Business Development

J. Reagh Hicken, Controller

Coopers & Lybrand
Chartered Accountants

The Toronto Dominion Bank

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